

SENATE BILL 2995

By Bunch

AN ACT to amend Tennessee Code Annotated, Title 13  
and Title 67, Chapter 4, Part 4, relative to housing.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 13-22-109, is amended by deleting the section in its entirety and by substituting instead the following:

Section 13-22-109.

(a) The agency is authorized, subject to the provisions of this chapter, to make commitments to insure mortgage loans and to contract to insure mortgage loans eligible for insurance hereunder, upon such terms and conditions as the agency may prescribe, provided:

(1) Application for mortgage insurance or for a commitment for mortgage insurance has been submitted to the agency by an approved mortgage holding or proposing to hold an insurable mortgage on the housing accommodation;

(2) The mortgage will have a remaining term of not more than forty (40) years from the date of the issuance of the insurance;

(3) The mortgage bears interest, exclusive of premium charges fixed by the agency, at a rate not in excess of the legal rate for such mortgages in this state and agreed upon by the mortgagor, the mortgagee, and the agency;

(4) There is no prepayment penalty for early satisfaction of the mortgage;

(5) The mortgage contains amortization provisions satisfactory to the agency, requiring periodic payments by the mortgagor not in excess of the mortgagor's reasonable ability to pay as determined by the agency;

(6) Counseling on debt management, including information on the impact of default on credit rating by credit rating agencies is made available to the mortgagor;

(7) The mortgage is in such form and contains such terms and provisions with respect to maturity, hazard and title insurance, repairs, alterations, maintenance, payment of taxes and assessments, default remedies, anticipation of maturity, additional and secondary liens, waiver of equitable and legal redemption rights and other matters as the agency may prescribe; and

(8) That such mortgage insurance is necessary to enable the mortgagor to obtain the mortgage loan upon reasonable and affordable terms and conditions.

(b) Mortgage loans insured under the provisions of this chapter may be for any amount up to and including one hundred percent (100%) of the cost of rehabilitation of the housing accommodation, subject to such rules and regulations as the agency may establish. If the agency, pursuant to the terms of a contract of mortgage insurance, makes any payment upon a defaulted mortgage loan to the mortgagee thereof, the agency shall be subrogated to the rights of the mortgagee.

(c) The directors, officers and employees of the agency shall not be subject to any personal liabilities due to any obligation or debt created or incurred

by the agency. This section shall not apply to graduated payment mortgage loans insured pursuant to § 13-22-115.

SECTION 2. This act shall take effect July 1, 2010, the public welfare requiring it.